

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

In the Matter of

Federal-State Joint Board on
Universal Service

Forward-Looking Mechanism
For High Cost Support for
Non-Rural LECs

CC Docket No. 96-45

CC Docket No. 97-160

**REQUEST TO WITHDRAW
PETITIONS FOR RECONSIDERATION**

Verizon¹ hereby requests to withdraw its petitions for reconsideration of the Commission's Fifth Report and Order² and Tenth Report and Order³ in the above-referenced proceeding.

On December 18, 1998, Verizon (then the Bell Atlantic telephone companies) filed a petition for reconsideration of the Commission's Fifth Report and Order in the Commission's universal service proceeding. This petition addressed issues concerning the platform for the cost proxy model adopted in this proceeding. On January 3, 2000, Verizon (then GTE Service Corporation and its affiliated domestic telephone operating companies) filed a petition for

¹ The Verizon telephone companies ("Verizon") are the affiliated local telephone companies of Verizon Communications Corp. These companies are listed in Attachment A.

² *Federal-State Joint Board on Universal Service*, Fifth Report and Order, 13 FCC Rcd 21323 (1998) ("Fifth Report and Order").

³ *Federal-State Joint Board on Universal Service*, Tenth Report and Order, 14 FCC Rcd 20156 (1999) ("Tenth Report and Order").

reconsideration of the Commission's Tenth Report and Order in the same proceeding. This petition addressed the cost inputs that the Commission adopted for the model.

Although Verizon continues to disagree with the validity of the cost inputs and with the use of the proxy model in general, based on subsequent Commission explanations, Verizon has decided not to pursue its objections to the limited use for which the models were used in the universal service orders here.

Since the filing of these petitions, the Commission has made it clear, in both its decisions on section 271 applications and in its statements to the Supreme Court, that the model is not useable, and is not to be used, for other purposes, such as for determining rates for unbundled network elements or in the separate state efforts to determine universal service support. For example, in its Supreme Court brief addressing pricing standards for unbundled elements, the Commission acknowledged that the proxy model was used for “distinct universal service purposes,” and it assured the Court that that the FCC “explained that the universal service cost model ‘may not be appropriate * * * [for] determining prices for unbundled network elements.’” Supreme Court Case Nos. 00-511, 00-555, 00-586, 00-590, and 00-602, Brief for Respondents Federal Communications Commission and the United States at 37 (filed June 8, 2001). Similarly, in its brief in the appeal of the universal service order, the Commission expressly disclaimed the notion that its universal service mechanism would “dictate to the States” how to carry out their universal service responsibilities. Supreme Court Case No. 99-1244, Brief for the Federal Communications Commission and the United States at 24 & n. 15 (filed Sept. 28, 2000).

More directly, in a number of orders on section 271 applications, the Commission has rejected claims from other parties that have attempted to rely on the model to set network element prices. *See Application of Bell Atlantic New York for Authorization Under Section 271*

of the Communications Act to Provide In-Region, interLATA Service in the State of New York, 15 FCC Rcd 3953 at ¶ 245 (1999) (“We specifically cautioned parties from making any claims in any other proceedings based on the inputs adopted in the *Universal Service Tenth Report and Order*”); *Joint Application by SBC, et al for Provision of In-Region, InterLATA Services in Kansas and Oklahoma*, CC Docket No. 00-217, Memorandum Opinion and Order, FCC 01-29 ¶ 84 (rel. Jan. 22, 2001) (“the USF cost model should not be relied upon to set rates for UNEs”); *Application of Verizon, et al for Authorization to Provide In-Region, InterLATA Services in Massachusetts*, CC Docket No. 01-9, Memorandum Opinion and Order, FCC 01-130 ¶ 32 (rel. Apr. 16, 2001) (“The Commission has never used the USF cost model to determine rates for a particular element, nor was it designed to perform such a task”).

Even AT&T and WorldCom agree that the model is not to be used for other purposes. *See* Supreme Court Case Nos. 00-511, 00-555, 00-586, 00-590, and 00-602, Brief for Respondents WorldCom et al. at 30 (filed June 8, 2001) (“The FCC has explicitly stated that the model – which does not include costs for all of the equipment necessary to provide unbundled network elements – should not be used ‘for other purposes, such as determining prices for unbundled network elements . . .’”); Brief of AT&T Corp. at 9 (filed June 8, 2001) (“The FCC has thus found that universal service cost calculations cannot be presumed to reflect the appropriate level of network element rates under TELRIC”).

Accordingly, Verizon requests permission to withdraw the petitions.

Respectfully submitted,

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telephone companies

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THE VERIZON TELEPHONE COMPANIES

The Verizon telephone companies are the local exchange carriers affiliated with Verizon Communications Inc. These are:

Contel of the South, Inc. d/b/a Verizon Mid-States
GTE Midwest Incorporated d/b/a Verizon Midwest
GTE Southwest Incorporated d/b/a Verizon Southwest
The Micronesian Telecommunications Corporation
Verizon California Inc.
Verizon Delaware Inc.
Verizon Florida Inc.
Verizon Hawaii Inc.
Verizon Maryland Inc.
Verizon New England Inc.
Verizon New Jersey Inc.
Verizon New York Inc.
Verizon North Inc.
Verizon Northwest Inc.
Verizon Pennsylvania Inc.
Verizon South Inc.
Verizon Virginia Inc.
Verizon Washington, DC Inc.
Verizon West Coast Inc.
Verizon West Virginia Inc.